ORAL ANSWERS TO QUESTIONS

MR. CHAIRMAN: Question No. 1... (Interruptions)...

Q No. 1 (The questioner (Shri Raj Nath Singh) was absent. For answer, vide Col.....infra.)

Permission to Private sector to set up Oil Refineries

*2. SHRI S. AUSTIN:

SHRI IQBAL SINGH:†

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have accorded permission for setting up of new oil refineries in private sector to meet the indigenous demand;

(b) if so, the number of oil refineries set up so far or proposed to be set up in private sector; and

(c) by when these refineries are likely to start functioning?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (CAPT. SATISH SHARMA): (a) to (c): A statement is laid on the Table of the House.

Statement

(a) and (b) Government have allowed private investment in the oil refining sector. As against the present refining capacity of 53.4 MMTPA, the total refining capacity in the country as per the Letters of Intent issued is expected to be around 135 MMTPA after all the projects are implemented. This capacity includes 30.5 MMTPA in the private sector and about 17 MMTPA under 100 per cent export oriented scheme, and would be sufficient to meet the projected demand of petroleum products in the year 2001-02 which is estimated to be approximately 162 MMTPA.

(c) While no specific target dates for starting the refinery operations have been given, parties will be governed by the terms in the respective Letters of Intent.

श्री इकबाल सिंह : चेयरमैन साहब, हमारे भारत की मिक्स्ड इकॉनमी है जिसमें पब्लिक सैक्टर और प्राइवेट सैक्टर दोनों काम करते हैं । जो कम्पनियां आपने प्राइवेट सैक्टर को दी हैं वे कुछ घाटे में थीं और उनमें हम कामयाबी हुई । एक कम्पनी, आयल एंड नेचुरल गैस कमीशन, यह भारत की बहुत ही प्रॉफिटेबल कम्पनी है और इन्होंने बहुत नाम कमाया हुआ है और उसको हम प्राइवेट करने जा रहे हैं । मैं मंत्री जी से यह पूछना चाहता हूं कि जिन फॉरेन कम्पनी को हम यहां काम दे रहे हैं, वे देश के हित में क्या नौजवानों को काम काम देंगी और ये कम्पनियां जो काम करने जा रही हैं, क्या ये सारे भारतवर्ष के प्रान्तों में काम करने के लिए तैयार हैं ?

CAPT. SATISH SHARMA: Mr. Chairman, Sir the first part of the question relates to privatisation. We have no proposal of privatising the PSU oil companies beyond 49 per cent, that is, 51 per cent at any given time will be in our control. Up to 49 per cent gradual privatisation is taking place for raising internal resources, raising funds for expansion for our requirements. So, there is no question of complete privatisation as such of our oil industry.

Sir, part (b) of the question relates to companies which are going to come which are keen to invest here whether they will operate all over the country or confine themselves to any particular part of the country. Surely, Sir, where business takes them, they will go. There is no restriction for these companies. In fact, we are keen to hav

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† The question was actually asked on the floor of the House by Shri Iqbal Singh.

the investment. Investors can come in and invest all over the country and there is no specific area.

श्री इकबाल सिंह : सर, जैसा अभी मंत्री जी ने कहा है कि सब की सब कम्पनियां प्राइवेटाइज़ नहीं होंगी, लेकिन जब प्राइवेटाइजेशन हो रहा है, तो क्या ऐसा करने से फॉरेन करन्सी जो हमें प्राप्त करनी है या फॉरेन करन्सी हमें वापिस करनी है, तो क्या इसका संतुलन कायम रहेगा ? अगर संतुलन कायम रहेगा तो इससे हमारी इकनॉमिक पालिसी पर कोई असर तो नहीं पड़ने वाला है, यह मैं मंत्री जी से जानना चाहता हूं ?

CAPT. SATISH SHARMA: Sir, the only impact that the investment is going to have is a very positive impact. The investments being made in the oil sector are starting from a mega investment of Rs. 17,000 crores to lay and maintain the Oman-India Pipeline to supply gas to India... or to set up refineries with the Oman investments. All these investments are investments which we could not make on our own. They are coming in a bigway. I think, amongst the various segments, petroleum sector stands out in these biggest investments that are coming. In all these investments, there is no question of returning the foreign exchange. These investment swill only generate more foreign exchange for the country.

श्री राम गोपाल यादव : माननीय मंत्री जी ने जो जवाब दिया है उसमें टोटल प्राईवेटाइजेशन को नकारा है। सवाल टोटल प्राईवेटाजेशन का नहीं है। सवाल यह है अध्यक्ष महोदय, मैं आपके माध्यम से माननीय मंत्री महोदय से जानना चाहूंगा कि वे कौन सी कम्पनियां हैं जिनको प्राईवेट इंवेस्टमेंट की इजाजत दी गई ? क्या इन कम्पनियों में इस तरह के इंवेस्टमेंट के लिए हिन्दुस्तान की भी कुछ कम्पनियों ने आवेदन किया था और अगर किया था तो क्या उनकी योग्यता के आधार पर देशी या भारतीय कम्पनियों को इंवेस्टमेंट करने के लिए इजाजत नहीं दी जा सकती ?

CAPT. SATISH SHARMA : Sir, Question No. 2 relates to the investments made for the refineries in the country. As far as the refining sector is concerned, there are various steps which are being taken to expand the capacity of the existing refineries, to set up refineries under joint venture as I mentioned just now, whereby our Indian companies like the Bharat Petroleum, the Hindustan Petroleum have joined in with an Oman company on a 26 per cent equity each basis, and the rest through public investments. So, that is the joint venture concept. Besides that, we also have allowed the private sector....

DR. BIPLAB DASGUPTA: What exactly he is saying, we do not understand. He is totally confused.. (Interruptions)

CAPT. SATISH SHARMA: I am not confused. Let me make it very clear. We are not confused. If you are confused, I am ready and I am standing here to clarify any confusion you have. And I shall repeat what I said just now. If the hon. Member would kindly listen to what I am saying, I said, as far as this particular question is concerned, it concerns the investments made in the refining sector. If I am allowed to repeat, if the hon. Member will be kind enough to listen to what I am saying, for the refining sector, the investmets which are being made are that the existing refineries with the public sector which are running, are expanding their refining capacity. Besides that we have allowed the joint venture companies to come up. I gave just now the example of the joint venture with Oman. Two of our companies, the Bharat Petroleum and the Hindusthan Petroleum, are setting up two joint venture companies, one in the Central India, and the other in the Western India. Besides this, we have given LOIs to the private sector, who are allowed to invest on their own, to set up refineries in India. At present our products refining capacity is 53.4 MMTPA. By the year 2001 our re-

quirement is 102 MMTPA. By the steps we are taking, we are aiming to have the refining capacity by the year 2,000 around 124 MMTPA so that India is self-sufficient in refining.

SHRIMATI RENUKA CHOWDHURY: Sir, I would like the hon. Minister to clarify whether there is any private refinery being allotted to Andhra Pradesh, whether there is one scheduled for Visakhapatnam at all, if so, who the parties involved are and the total output of oil that you expect. And are you considering putting up a refining plant anywhere near the Ravva oil structure and what is the output of oil? Is it not a fact that Ravva's crude is being transported at great overhead costs all the way to Madras, thereby adding to the overhead costs and depriving the State of Andhra Pradesh of a refining unit as well as in terms of employment?

CAPT. SATISH SHARMA: Sir, part one of the question which the hon. Member has asked is relating to Andhra Pradesh. Yes, Sir, we have issued an L.O.I. to Messrs. T.R. Datta at Vizag, Andhra Pradesh. The LOI was issued on 10th June, 1993. It is a 100 per cent export-oriented unit. As far as part two of the question relating to Ravva and other issues is concerned that is not relevant. This question only refers to refining.

SHRIMATI RENUKA CHOWDHURY: It is relevant because it is about giving an additional refinery. In Andhra we already have an established oil sector where we are having an output and crude is being transported at great cost. adding to the overheads, to Madras all the way. So I want to know whether you are going to set it up where there is an oil source. It is very relevant. How do you plan for an oil refinery where there is no oil? Here we have got oil wells and crude is under production. We have tied up with foreign equity share investments for the exploration itself and we have established oil wells there. So I want to know that.

CAPT. SATISH SHARMA I don't think the hon. Member has understood the point I was making.

SHRIMATI RENUKA CHOWDHURY: I did.

CAPT. SATISH SHARMA' Let me repeat, as far as Andhra Pradesh is concerned, Messrs. T. R. Datla have been issued an L.O.I. to set up a 100 per cent export-oriented unit. It has nothing to do with the domestic business environment. They are allowed to import crude from outside and they are allowed to export crude again outside. (Inerruptions).. As frar as the L.O.I. is concerned, it is a 100 per cent export-oriented unit in Andhra Pradesh.

SHRIMATI RENUKA CHOWDHURY: I am not talking about L.O.I. I am asking whether he will consider giving us a refinery at the oil source. We have an oil source at the Ravva oil structure and, at present—perhaps the hon. Minister is not aware of it—crude is being carried all the way from Andhra Pradesh to Madras for refining. (Interruptions).. So, are you going to give us a refinery at the oil source?

CAPT. SATISH SHARMA: Sir, let me assure the hon. Member that if there is any company, any investor, who comes forward to set up a refinery in Andhra Pradesh, he will be given the credit. There will be no restriction on anybody setting up a refinery there. straightway. As far as the hon. Member's suggestion to set up a refinery in Andhra Pradeh is concerned, we will consider that.

MR. CHAIRMAN: The Minister will consider that.

SHRIMATI RENUKA CHOWDHURY: It is crude business, Sir!
.. (Interruptions) N

MR. CHAIRMAN: He said he will consider it.

CAPT. SATISH SHARMA: I said we will consider the request which you have made for Andhra Pradesh. We will study if there is economic viability to set up a refinery there, and we will certainly consider that.

SHRIMATI RENUKA CHOWDHURY: Thank you.

WELCOME TO PARLIAMENTARY DELEGATION FROM BAHRAIN

MR. CHAIRMAN: Just a minute. I want to welcome the guests. Afterwards we will resume with this.

We have with us, seated in the special Box, members of a parliamentary delegation from the State of Bahrain, currently on a visit to our country under the distinguished leadership of His Excellency Mr. Ali Saleh Al-Saleh, Second Deputy Chairman of the Shura Council of the State of Bahrain.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a hearty welcome to the leader and other members of the delegation and wish our distinguished guests an enjoyable and fruitful stay in our country. We hope that during their stay they would be able to see and learn more about our parliamentary system, our country and our people, and their visit will further strengthen the friendly bonds that exist between India and the State of Bahrain. Through them we convey our greetings and best wishes to the Shura Council and the friendly people of the State of Bahrain.

ORAL ANSWERS TO QUESTIONS Contd.

Q. No. 2—Contd.

DR. BIPLAB DASGUPTA: Sir, the Minister has just made a statement that by the turn of the century the total products required for refining would be 102 million tonnes. The crude production in India just now is only 29 million tonnes which means that you require to produce and import another 73 million tonnes to make the refineries function. If this amount of crude has to be imported from outside, will the Minister of Commerce permit so much import and so much foreign exchange? If not, what action is being taken by the Minister to ensure that the domestic crude production is raised from 29 million tonnes to somewhere near 102 million tonnes by the turn of the century which will be in five or six years?

CAPT. SATISH SHARMA: Sir, I think we are deviating from refining to oil production.

DR. BIPLAB DASGUPTA: How can we have refining without production? He is a Minister who has no understanding of the oil industry and its mechanism. It is a hopeless situation.

CHAIRMAN: Please listen to the Minister.

CAPT. SATISH SHARMA: How can it be irrelevant? (*Interruptions*)

MR. CHAIRMAN: Please listen to the Minister. He may have something to say. ..(*Interruptions*)

CAPT. SATISH SHARMA: I would like to assure the hon. Member on this. As the hon. Member is aware, last year we reached a production of only 27 million tonnes. Starting from the lowest level, starting from this year, the oil production is going to be increased. In the current year the oil production is going up by 5 million tonnes and in the next year by another 5 million tonnes. In three years from now, in the year 1997, we are going to increase it from 27 million tonnes to 44.4 million tonnes. Besides this, already steps are being taken on the exploration front so that in the next three, four years, India finds new oil and gas fields not only within India but also outside India. The Member must have heard that recently we found gas in Vietnam waters. We have just signed a memorandum of understanding with Egypt to explore oil and gas there. We are taking steps so that

by the year 2000 India will have those levels of production from wherever they are available, within India or outside so that what the Member has just mentioned about the investments made in the refining sector is justified for refining capacity of over 102 million tonnes throughout is justified.

DR. NAUNIHAL SINGH: Will the hon. Member state whether it is true that by setting up new oil refineries in the private sector it will not only be that the indigenous demands will be met but the products also will be available at cheaper rates than what we have now? Please confirm or deny this.

CAPT. SATISH SHARMA: Sir, the oil business being what it is, you know, the international oil price dictates the prices of other products. The prices last year were soft. We were fortunate that the prices in the last one year were stable. The prices are slightly firming up this year in spite of increased oil production. This year in spite of increased oil production, because the oil prices internationally are firming up, that is not helping the situation. So, it is very difficult for me to say at a given time. What the international prices are and how they are going to reflect on the price of oil products.

Development and maintenance of National Highways in Tamil Nadu

*3. SHRI V. RAJAN CHELLAPPA:†
SHRI S. AUSTIN:

Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) the amount provided for development and widening of National Highways in Tamil Nadu during the last two years;

(b) the number of National Highways in the State taken up for development, maintenance and repairs and the progress made in this regard during the last two years; and

(c) by when the work is likely to be completed?

†The question was actually asked on the floor of the House by Shri V. Rajan Chellappa

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): (a) The amount provided for development including widening of National Highways was Rs. 16.00 crores and Rs. 31.5 crores during 1992-93 and 1993-94 respectively.

(b) and (c) Development and Maintenance of National Highways is a continuous process. There are nine National Highways passing through the State of Tamil Nadu. In all, there are 106 development projects under various stages of progress. Out of these, 84 projects are likely to be completed by March, 1995. During the last 2 years, 40 projects at an aggregate amount of about Rs. 11.00 crores have been sanctioned.

SHRI V. RAJAN CHELLAPPA: The East Coast road project for connecting Kanyakumari to Madras has been hanging fire for several years. This is a very important national highway connecting parts of Madras, Pondicherry, Cuddanore and Tuticorin. Therefore, I would like to know the revised estimate of the East Coast Roads Scheme, how much has been allotted so far and when the scheme is likely to be finished.

SHRI JAGDISH TYTLER: Sir, I have a list of all the projects which have been sanctioned in 1992-93 and 1993-94. I do not have exactly the details about the East Coast Road. I think that is still being worked out in the Ministry.

SHRI S. VIDUTHALAI VIRUMBI: During 1992-93 and 1993-94, the amount for development as well as the widening of the National Highways is Rs. 47.5 crores. Out of that, according to the statement of the Minister, only Rs. 11 crores have been spent so far. That means more than Rs. 36 crores have been yet to be spent before the coming March. It clearly shows that the National Highways work is not being expedited as expected. Therefore, I want